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25 May 1979

TRANSLATIONS ON NEAR EAST AND NORTH AFRICA  
(FOUO 21/79)

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EAST

NORTH  
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# TRANSLATIONS ON NEAR EAST AND NORTH AFRICA

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NORTH AFRICAN AFFAIRS

POLISARIO'S ACTION CONCERNS MOROCCAN GOVERNMENT

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 30 Mar 79 pp 794-795

[Text] On 1 January 1979 POLISARIO began an offensive against Moroccan forces by invoking the name of Houari Boumediene and paying homage to the recently departed president. Without considerable Algerian aid they would never have been able to undertake, much less continue, their fight. They were, therefore, demonstrating their gratitude toward Algeria. They expressed their hope, if not their conviction, that Algiers will continue to support them until they attain their goals: the definitive liberation of their lands and the recognition of the Saharan Democratic Arab Republic [SDAR] by all African countries. At the moment they expect that their successes will make an impression on world opinion.

At first no one seemed quite aware of the extent and duration of the Saharan attack, not even the unofficial Algerian information service which constantly monitors events in the Sahara. On 1 January, two Moroccan garrisons were attacked. They were guarding the mines at Bou Craa and the conveyor belt which transports the phosphate to the coast, which is reported to have been severely damaged. POLISARIO's activities began next near Aalun, on the Saharan coast, and in southern Morocco. On the 16 and 17 January, two columns of Moroccan troops were attacked and appeared to have suffered considerable losses at Lemsail, to the northeast of Aalun. POLISARIO's forces captured about 50 prisoners, 6 canons, 6 mortars and two tanks.

Only later (on January 23) did Algiers EL MOUDJAHID stress the dimensions of the event. "Saharan troops, equipment and spirit are so well developed that entire units are now functioning in place of a small column of Land Rovers enabling them to relieve the guerrillas." On the 25 January, the adjutant secretary-general of POLISARIO, Bashir Mustapha Siyed al-Ouali, held a press conference and presented to the foreign press 53 Moroccan prisoners, members of the "shock troops" of FAR [Royal armed forces] which were said to "have defected." The secretary general stated that "The Saharan People's Liberation Army was at this point capable of imposing a solution in Western Sahara and of forcing the retreat of occupying forces by military means." Furthermore, he criticized "the slowness of Mauritanian diplomacy"; and said he is waiting for more concrete actions.

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#### Successful Surprise Attack on Tan Tan

The Houari Boumediene offensive continued on 28 January with a vigorous attack on the small coastal city of Tan Tan, in what is in fact South Morocco. After a brief but intense pounding of the area with rocket fire, Saharan commandos succeeded in entering and remaining in the area for several hours, inflicting heavy losses on FAR, and destroying military installations, a telecommunication center, etc. During the following days Saharan forces' initiatives turned the area comprising Tan Tan, Aalun and Smara into a theater of violent combat. At the end of February, and in order to mark the third anniversary of the creation of the Saharan Democratic Republic, POLISARIO increased the intensity of its operations. The intensified activity took the form of repeated harassment of Moroccan positions and camps.

POLISARIO left no doubt that this intensification of military activity corresponds to precise and ambitious political objectives. No longer was it a question of influencing international opinion, particularly African opinion, with a view to expanding the diplomatic platform of SDAR. From now on, they hoped to sap the morale of the Moroccan people and thereby threaten internally the Rabat regime. Commenting on recent operations a member of the executive committee of POLISARIO, Sidi Ahmed al-Batal did not hesitate to say that these operations "would cause the Moroccan people to live in a state of war, so that they will raise some opposition to their ruler's policy...."

If, in fact, emotions are running high in Morocco, not all is going the way POLISARIO planned. The day after the attack on Tan Tan, King Hassan II called a special meeting of the Council of Ministers in Marrakech to discuss this incident and the conclusions to be drawn from it. His cabinet gave him unanimous support. However, they made it understood the national cause must receive credit for doing so. The sovereign should not be the only one to earn prestige by resisting the enemy.

After the beginning of the "Houari Boumediene offensive" the first secretary of the Socialist Union of People's Forces (USPF), Abderrahim Bouabid, exhorted the Moroccan people "to prepare themselves to defend the sacred cause." He said that the party and all its members are ready to sacrifice themselves and "will never accept capitulation." However, the day after the incident at Tan Tan the USPF deputies were the first ones to demand that meetings be called of the foreign affairs, defense and interior commissions. An article published shortly thereafter in the party organ (LIBERATION 2 February) criticized this group for not taking up the cause of "national unity and territorial integrity." It was stated that the coalition had ceased to function effectively. A denunciation of the government which USPF refused to participate in is clearly implied.

LIBERATION suggests that the unfortunate developments began "with the change of regime in Mauritania." The situation was shaped by the development of

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POLISARIO's positions and by the new leadership in Nouakchott, Paris and Algiers.... The beginnings of a split between Morocco and Mauritania can be seen on the horizon. Both the military and diplomatic situations are difficult. "It is regrettable to say but after the attack of Tan Tan, Morocco does not have the initiative on either front, beyond the fact of her presence in the Sahara where she is merely taking a beating. One must suspect that Tan Tan is only the first evidence of a conspiracy.

A more precise statement was issued by the Socialist Progressive Party, which is led by the former communist leader, Ali Yata. The statement said that it is necessary to "face" the situation and constitute a united national government. It appears as if the leaders of the legal opposition are doing their utmost to profit from the crisis. They are attempting to gain unconditional control of the government in spite of the weakness of their representation in parliament. They blame this weakness on official gerrymandering of the elections.

Nevertheless, strikes continue. Since the end of January strikes have occurred among the Casablanca longshoremen, professors and teachers, commercial bank employees, hospital personnel and miners in Khourigha. Most of these were called by unions close to the USFP. The party organ, AL MOHARRIR, was the object of a suspension at the beginning of March. Also, the General Union of Moroccan Workers incited the longshoremen to stop working in spite of its closeness to ISTIQLAL.

Vigilance, A More Obdurate Attitude Toward Algeria

It is possible that the attempted and actual bombings in Western Algeria at the end of January (Maghnia, 26 January) represent a Moroccan response to the "Houari Boumediene offensive." Would the "special forces" have acted at precisely the moment when Moroccan diplomacy was most discreet.

While Algeria was between governments, the Algerian opposition in Morocco seems to have persuaded government circles in Rabat that "moderate elements" which would eventually break with POLISARIO could come to power in Algeria. Therefore, at the beginning of the "Houari Boumediene offensive" Rabat scarcely reacted. Even after the incident at Tan Tan, Moroccan reaction remained moderate in nature, according to the minister himself. In his speech on 1 February, M'hamed Boucetta blamed Algeria. However, he added that Morocco, which could have responded with "an equally blind and brutal aggressiveness," did not exercise its "right to retaliate." Instead, it took into consideration "the unusually dramatic situation facing our Algerian brothers." He concluded that his remarks were "not an indictment but a warning" and recalled that at the time that President Boumediene fell ill he was planning to meet with King Hassan in a neutral country in order to end the conflict.

The Algerian response was put off until 15 February. Abdelaziz Bouteflika wanted to wait for the election of a new Algerian president. Undoubtedly he



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preferred also that his position be published at the same time that King Hassan was officially received in Paris by the president of the French Republic. The Algerian minister regretted that the Moroccan government continues "to treat this question of decolonization, as if it were a bilateral difference" and brandishes the threat of an alleged right to retaliate. He confirmed that Algeria has no quarrel with Morocco, that it has no stake in instigating a war between Morocco and POLISARIO, that it did not send any of its soldiers beyond its borders.

Bouteflika made allusions to the incident at Maghnia, and to the activities of the Algerian opposition in exile. He then stated vigorously that the reason why the meeting between the king of Morocco and President Boumediene did not take place was not that the latter fell ill but was due to disagreements both on the Saharan and on the Palestinian problems. Morocco has accepted the Camp David policy. He again underscored the fact that the Saharan problem is a question of decolonization which requires a political solution. Bouteflika repeated his assurance that Algeria would continue to work toward a necessary dialogue among all the people of the region, including the Saharans.

While the Moroccan king was on a private visit to France, from 15 to 19 February, he had three conferences with the president of the French Republic. According to the sovereign, they are in agreement about a Moroccan-Algerian rapprochement. Nevertheless, the formula for this approach remained vague. "To do good things together," said Hassan II. President Chadli again assured the Saharan forces of Algeria's committed support. Thus the Algerian Government displayed some skeptical reserve about the possibility of a meeting between the Algerian and the Moroccan heads of state as anticipated by a member of the French Government.

While the Abdelghani cabinet was being formed in Algeria with a "tough" minister of foreign affairs, King Hassan II addressed the Chamber of Representatives. He stated that the situation in the southern part of the country "was now intolerable." He repeated his statement that President Boumediene was prevented from attending their meeting only because he became ill and deplored the fact that the new Algerian leadership "is not following the same path." He concluded by saying that Morocco will reconsider "the situation which is neither war nor peace, with which it is presented."

On 11 March the Chamber of Representatives at Rabat approved the creation of a High Council for Defense and recommended that "retaliation rights" be exercised, and retaliation operations sit in motion. Unofficially Algiers seized on this statement of position; Moroccan-Algerian tension returned to its traditional intensity.

The Saharan Democratic Arab Republic was recognized at the end of February and the beginning of March by Addis Ababa and by Hanoi. This brings to nine the number of states with which it has diplomatic relations. POLISARIO continues to report the rallying of Saharans who had heretofore remained loyal to Morocco.

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In February it was announced that two well-known figures were returning to the Saharan ranks. On 1 February, it was a deputy to the Chamber of Representation, Abderrahmane Ould Leibak, and on 22 February the former Cortes deputy Souilem Ibrahim Ould Abdellahi. These two had presided respectively over the municipal councils of Boujdour and Dahkla.

Ould Leibak had been elected in Boujdour on the ISTIQLAL slate. He stated that in those Saharan provinces under Moroccan domination, there are scarcely 24,000 people. They are represented in Rabat by eight deputies, whereas Moroccan law says that one deputy should represent 120,000 inhabitants. He claimed that these eight deputies from the "new provinces" are subject to special surveillance when they move around Morocco. In principle, they are not supposed to travel abroad. However, according to the Spanish press, Ould Leibak profitted from a trip to Madrid taken for reasons of health, to return to Algiers.

Saharan propaganda underscores the return of these two men, but does not talk much about their motives. Why have these well-known men stopped playing Rabat's game? Certain indications allow one to think they had hoped that incorporation by Morocco would mean greater development for the provinces. They were probably disappointed in the tough attitude taken by the administration and the military in the "new provinces." They were probably also disappointed by the social and economic stagnation stemming particularly from POLISARIO resistance and ensuing combat. POLISARIO's propaganda is going to find in this some new arguments.

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NORTH AFRICAN AFFAIRS

BACKING FOR POLISARIO AMONG MAURITANIAN LEADERS DECLINES

Paris JEUNE AFRIQUE in French 18 Apr 79 pp 16-17

[Article by Abdelaziz Dahmani: "Impasse in the Sahara"]

[Text] Can one cure a sick country of the Sahara?  
JEUNE AFRIQUE raised the question in January 1979,  
6 months after the toppling of President Mokhtar Ould  
Daddah. It is necessary to concede today that  
Mauritania is far from getting well.

Divided among varying political orientations, subjected to contradictory pressures and demands, the CMRN [National Military Rehabilitation Committee], formed in July 1978, has been unable to find the path to peace (see below). It was replaced by a CMSN [Military Committee of National Welfare] of which Col Moustapha Ould Mohamed Salek is no longer anything but the honorary chairman. Will this shakeup allow a threatened Mauritania to emerge from the impasse? Ould Bouceif, the new strong man who is often represented as being pro-Moroccan, is also a nationalist who does not wish "peace at any price."

The margin of maneuver of the military is all the more limited as domestic problems are not lacking (see following article).

These past few weeks Mauritania escaped a veritable coup d'etat by bringing off, in successive stages, a palace revolution. President Moustapha Ould Mohamed Salek, who had seemed to strengthen his position on 18 March 1979 by assuming "full powers," found himself on 6 April 1979 honorary chairman of the Military Committee of National Welfare, newly established.

Even though the new team, with a 13-member military committee for planning and a 16-member Cabinet including seven military men for implementation, seems to be homogeneous and more cohesive, Mauritania's problems continue. If it has the means, Mauritania will need to restore domestic and international security.

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On the eve of this change which brought to the forefront Lt Col Ahmed Ould Bouceif and his deputy, Lt Col Mohamed Ould Ba Ould Abdelkader, the situation was deemed to be alarming and the country on the verge of collapse despite the unilateral truce proclaimed by the Polisario Front 9 months ago. This relative peace has led to no solution regarding the conflict in the Sahara. On top of this uncertainty are new financial crises and even threats of civil war opposing the two major ethnic groups of Mauritania.

Divided between contradictory political orientations, the late CMRN allowed itself to be locked into a kind of yoke of immobilism. Even its efforts to improve the public administration, fight abuses, illegal favors, and corruption proved to be fruitless. After 6 April 1979 the government did not fail to accept the blame by stating: "The armed forces committed the error of sharing power with former politicians and young idealists. The vices of the former and the inexperience of the latter in short order diverted the government from its fundamental goal and mired Mauritania day after day in dangerous contradictions both domestically and internationally."

The fundamental error was, for some, wishing "peace at any price," by presenting the dynamics in different fashion depending on whether they were talking to Moroccans, Algerians, the Polisario Front, Libyans, Saudis, the French, the Spanish, or what have you, all of them partisan, involved, or the lenders of funds. There were many meetings and secret negotiations with the Polisario Front, notably in Tripoli, Libya, where President Ould Salek met Mohamed Abdelaziz, secretary general of the Polisario Front, and Mohamed Lamine Ould Ahmed, prime minister of the SDAR [Saharan Democratic Arab Republic]. Other meetings were also held in Paris, Bamako, and Algiers.

The Polisario Front tried to get Mauritania to agree to a change in alliances which would have made the latter relinquish Morocco for Algeria. This approach drained a great deal of sympathy away from the Polisario Front and its best advocates in the CMRN, not to speak of a few young grey eminences, the real negotiators who found themselves isolated. Thus, on 23 March 1979 the dismissal of two of the principal artisans of the coup d'etat of 10 July 1978 against Mokhtar Ould Daddah was made easier: That of Maj Jiddou Ould Salek (minister of Interior) and Sid Ahmed Ould Bnejara (Minister of Finance).

Furthermore, during the 9 months of truce, the Polisario Front has significantly increased its political influence in Nouakchott and its military positions in the north. Several hundred young men have joined its ranks. One should mention the disappointment and confusion of the inhabitants of Tiris al-Gharbia, that portion of the former Spanish Sahara which is now under Mauritanian control, who no longer know to which flag to give allegiance.

This ensconcement of the Polisario Front has changed its strategy: Less under the control of Algiers, the Polisario Front is ready to go into action in any region at the slightest opportunity. The situation appears so

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serious that the Mauritanian Government officially requested Morocco to postpone the withdrawal of Moroccan troops—6,000 to 7,000 men stationed at Nouadhibou, Dakhla, and Zouerate--whose evacuation had been scheduled for 30 March 1979.

In the meantime, in Nouakchott, while waiting for better days, each one is holding his breath.

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ALGERIA

FINANCING FOR PRIVATE-SECTOR AGRICULTURE

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Apr 79 p 863

[Text] Private-sector agriculture makes a very large contribution to Algeria's economy, by reason both of its production potential and of the large number of farmers involved.

Up until 1968, it consisted of two sectors, generally referred to as the "traditional" and the "modern." The traditional sector was made up of a very large number of small farmers who were very poor, and it enjoyed access to loans from the central fund of the Algerian Welfare Societies (SAPs), acting on behalf of the treasury. They provided relatively easy carryover crop loans, and medium- and long-term loans on somewhat more exacting terms. The National Bank of Algeria (BNA) took over from the SAPs in 1968 without making any changes in loan procedures; loans, however, dropped markedly -- from 70 million dinar in 1968-69 to 44.6 million in 1972-73. As for the so-called modern sector, it could get much bigger loans, but here again the number and size of such loans has dropped very sharply from 17.5 million dinar in 1968-69 to 2.8 in 1974-75.

The agricultural revolution has thus clearly pushed private agriculture almost out of the picture by comparison with the socialist sector. Now that the latter has set up its structures, foremost among them the polyvalent community service farm cooperatives (CAPCS, a number of reasons counsel renewed attention to the private sector. It speaks for a large and poverty-stricken portion of the population; it contributes in large measure to meeting the nation's heavy agricultural requirements; it could not, in simple fairness, be left out of the rural modernization process.

In line with this thinking, directives emanating from the Finance Ministry have been aimed, since the 1975-76 farm year, at adapting its loan procedures to the needs of individual farmers.

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The effort was not an immediate success. The peasant farmer, or fellah, still does not trust the banks. Psychological and technical preparation has left a lot to be desired. The criteria for granting loans are still very strict. A Finance Ministry investigation in the spring of 1978 brought all these problems out into the open, and led to an interministerial circular letter on 5 November 1978 which sets two major goals: make farm loans accessible -- and simple -- for every fellah or cattle breeder; encourage only profitable and carefully evaluated operations and, in return, make very sure that loans are repaid.

According to the BNA, the results of these new members have been most encouraging: as of 31 January 1979, in the midst of the farm year, more than 50,000 loans totalling 140 million dinar have been granted, as compared with 36 million for the entire 1977-78 year.

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ALGERIA

BRIEFS

ZERGUINI VISIT TO TEBESSA--Mr Mohamed Zerguini, Minister for Postal and Telecommunications, spent 2 days touring Tebessa Governorate, considered an area lagging behind the rest of the country in its equipment. The minister laid the cornerstone for several projects: some middle-level polytechnic boarding schools, a lycée with space for 1,000 students at El Aouinet, several telephone exchanges, and some industrial installations like the reinforced concrete plant at Hammamet, which will produce 48,000 tons per year. Mr Zerguini stated on that occasion that the Governorate has one post office for every 12,000 inhabitants, which is a little below the national average. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Apr 79 p 863] 6182

VEHICLE PRODUCTION--The Rouiba "Industrial Vehicle Complex" (CVI), some 30 kilometers outside Algiers, recently turned out its 6,000th industrial vehicle under the National Mechanical Engineering Company (SONACOME) program for 1978. This vehicle, designed for public works use, is also the 11,000th produced at CVI since it began operations in 1974. Work on the plant site began in January 1971. CVI's product range includes five trucks ranging in capacity from 5 1/2 to 19 tons, and two models of coaches and buses. The plant has six divisions: foundry, machine shop, stamping plant, coach and bus plant, truck assembly, and general services. This makes the plant 60 percent or even 70 percent integrated, if you include engine manufacturing by the "motor complex" at Constantine. A truck body line was started in September 1978, and now turns out 10,000 dump, tanker, tractor, and other truck bodies per year. A cast-iron foundry is nearing completion; in 1980, it will be able to produce 10,000 tons per year of such parts as gear housings, differential supports, etc. At the same time, studies are under way with a view to expanding capacity to 15,000 vehicles per year; with other units planned, SONACOME will be able by 1990 to turn out 50,000 industrial vehicles a year, as well as 100,000 diesel engines, which would fill 100 percent of Algeria's requirements. Projects in the most advanced stage of construction are the fabrication plants at Ain Ouessara and Tiaret, and the Setif vehicle complex. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Apr 79 p 864] 6182

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FRENCH HELP FOR FRUIT PLANT--Five months after signing an initial contract for the N'Gaous (Batna Governorate) plant, the Algerian Food Industry Management and Development Corporation (SOGEDIA) has chosen the French-owned CIFAL Corporation to build a second plant to process apricots and other fruits. This unit will be built at Menaa, in the same governorate. Treatment capacity for this second unit will not be quite so big as the first plant (it will handle 3,400 tons a year, not 5,850 like the first). The unit will produce apricot nectar and preserves, canned apricots and other fruits in syrup, and candied fruits. Two chilling rooms will enable it to store various products. Since the contract calls for completion of the project on a "keys-in-hand" basis, CIFAL will have to train Algerian personnel to man the plant, and set up and manage the technical aspects of the operation initially. The unit will be built to the specifications developed by the Evian and Vitrac canning companies. The entire pricetag will come to 82 million French francs, the currency to be used. Eighty percent of the transferable share will be financed by a French purchase credit granted by a banking pool headed by the BNP and the UMB. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Apr 79 p 864] 6182

BRETONS TO BUILD HOUSING--We reported on 23 March 1979 (p 737) on the plans of the Phonalpin Study Group on Building in Algeria (GRECAL) to participate in Algeria's housing construction program. There is an identical group in Brittany: Algeria-Brittany Construction (ALBRECO), set up at the instance of the Association for Breton-Arab Trade. Talks begun in Algiers and Constantine by ALBRECO were continued recently in Brittany with a delegation of Algerian officials who toured the plants of Le Bihan and Le Mouel in Rheu and the Elmo plant at Chartres. The construction contract awarded to ALBRECO calls for 6,254 housing units at Constantine and Setif, and a covering contract is to be signed shortly. However, the action taken by Apeba can begin to bear fruit only if an agreement can be reached between the French and Algerian governments as to the amount of the loan to be granted Algeria. The cost of the operation will come to around 1.5 billion French francs. In the earlier issue we mentioned, we reported on the assurances given by the minister for foreign trade with an eye to encouraging participation by French corporations in Algeria's housing program. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Apr 79 p 864] 6182

RENAULT-COUACH CONTRACT--Renault subsidiary Renault Marine Couach has signed a contract with the Algerian Fisheries Office for marine engines to equip the first tranche of the new "small trades" fishing program. The contract covers delivery and installation of 79 80- and 120-horsepower engines with accessories and net hauling equipment, and establishment of a spare parts depot with maintenance assistance over a period of 18 months. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 30 Mar 79 p 800] 6182

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**ABADLA IRRIGATION**--President Chadli Bendjedid, picking Bechar governorate for his first visit to the interior, as we reported earlier, officially opened Houari Boumediene socialist village on 15 March. This is the fourth such village in the irrigation district of Abadla. Drawing water from the Djorf Torba dam, in service now for 10 years (360 m<sup>3</sup>, 60 km west of Bechar), the district covers 5,400 hectares of arable land, and is divided into five operating zones of about equal size; 4,800 hectares are now under cultivation, producing a third each of garden truck, legumes, and forage crops; each cooperative member is given 1.5 hectares to farm. Three kinds of work--crop production, livestock production, and water management--are also taught right in the district. Each activity zone includes a village equipped with full health, educational, commercial, and cultural facilities. Technical training is offered for masons, electricians, and plumbers. The district, which is scheduled to be in full operation by 1980, is surrounded by a wooded "green belt" 90 km long and 30 meters broad, protecting it against the drying winds and shifting dunes. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 30 Mar 79 p 800] 6182

**ALGERIAN-USSR MOU FOR TRAINING**--A memorandum of understanding was signed on 13 March in Algiers between the Soviet Union and Algeria involving housing and construction. It covers delivery of equipment and provision of technical assistance to operate two institutes and eight training centers. The protocol follows a visit to the Soviet Union in September 1978 by the Algerian minister for housing, construction, and city planning, Mr Abdelmadjid Aouchiche, and a Soviet mission to Algeria in late January. It represents a major advance in Algerian-Soviet cooperation in training the cadres needed in the building section. Economic, scientific, and technical cooperation between Algeria and the USSR dates back to 1963. It is coordinated by the Soviet-Algerian Standing Committee on Economic, Scientific, and Technical Cooperation, which recently marked its 10th anniversary. According to Soviet sources, cooperation is now moving in the direction of "concentration on large-scale projects requiring the most complex techniques." [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 30 Mar 79 p 800] 6182

**SOUANI DAM**--Work on the Souani dam in Tlemcen governorate will begin in July. With its 15-million-m<sup>3</sup> capacity, it will provide irrigation water for the 3,000 hectares in the second tranche of the Maghnia irrigation district. The first tranche, 5,000 hectares in extent, is supplied by the Beni-Bahdel dam. A third project in the governorate is now getting under way in the Sidi Abdelli region, which will have a capacity of more than 70 million m<sup>3</sup>. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 30 Mar 79 p 800] 6182

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EURODOLLAR LOAN--Credit Populaire d'Algérie signed a contract on 20 March in Paris with a consortium of international banks for a \$45-million loan to finance water management and land reclamation projects. This loan stems from a credit contract signed in Algiers on 21 February between Crédit Populaire and a Geneva bank for 30 million Swiss francs; 40 million of this was placed without difficulty. Crédit Populaire d'Algérie, which is systematically pursuing a policy of diversification in currencies, markets, and partners, enjoys increasingly good reception from investors. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 30 Mar 79 p 800] 6182

ECU LOAN--Algeria has obtained a loan on the European Currency Unit market for \$45 million, extended by a group of European, American, and Japanese banks. According to APS, the proceeds of the loan will go to finance water management and land reclamation projects. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 30 Mar 79 p 800] 6182

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EGYPT

## AUSTRALIA OFFER OF URANIUM ACCEPTED DESPITE SLOW PLANT DEVELOPMENT

London THE MIDDLE EAST in English Apr 79 p 99

[Text] Egypt produces 25mn tons of oil a year and is hoping to double this in three years' time. The Government also has ambitious plans for nuclear-powered desalination plants, so Australia's recent offer to supply Egypt with uranium should not have come amiss, although there are hopes that Egypt will be able to use locally produced uranium.

Unfortunately, however, the offer came as a reminder that U.S. pledges to supply Egypt with two 600MW nuclear power stations from Westinghouse are still far from being fulfilled. And, just like the American pledges, French offers of help have also failed to materialise.

Work on the US reactors was originally supposed to be completed by 1983. In fact former Assistant Secretary of State Alfred Atherton - now Carter's Middle East trouble-shooter - went on record as long ago as August 1976 as saying that both Israel and Egypt were satisfied with their proposed purchases of US nuclear power plants and that agreement had been reached on all safeguards against the use of nuclear materials for atomic weapons.

In addition to these US reactors, four or five more were to be bought from France, some of them for installation in the Al-Arish area of Sinai. President Sadat announced this fact early in 1977 and this seemed to be the outcome of talks which had been going on with France on the construction of up to 15 power stations along the Mediterranean and Red Sea coasts near sites earmarked for land reclamation and food production.

The US safeguards, it was learnt, would apply not only to

US-supplied reactors but also to those acquired from other sources, including France. These safeguards require plutonium produced in the reactors to be reprocessed outside Egypt.

The momentum of Egypt's drive towards the nuclear age started to slow down after Carter had placed an embargo on reactors capable of producing weapons-grade material in 1977. This was despite the fact that Sadat was stressing that Egypt's reactors would not be producing fuel for nuclear weapons and would not therefore be subject to any embargo.

Nevertheless, Egyptian officials are still confident that at least eight nuclear power stations will have been built by the year 2000 and that by then 40% of the country's power will be generated from this source.

For this reason the Australian offer of uranium will be considered. Australia's Trade Minister, Vic Garland, acknowledged during a recent press conference in Egypt that

such supplies might not be needed in the near future. But, he said, when the demand does arise, the "Australians will be there".

At present, of course, oil and the High Dam at Aswan represent Egypt's main sources of energy, although more stress is being laid on thermal power stations with US, West German and other aid.

In addition, technical studies for another giant project, in the Qattara depression in the Western Desert, are now complete, having been carried out over two years by Egyptian and West German experts. The project is to produce some 10,000MW, or five times the power produced by the High Dam, but there are still many problems to solve. Apart from the problem of finding funds - the cost is put at about £E400mn - no final decision has yet been taken on whether the canal bringing Mediterranean waters into the depression should be excavated by conventional or nuclear means. □

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EGYPT

# TEXTILE PROJECT STILL CENTER OF CONTROVERSY

London THE MIDDLE EAST in English Apr 79 pp 93-94

[Article by Assem Abdul Mohsen]

[Text]

Two multimillion projects planned under Egypt's open-door economic policy have come under fire in Egypt in less than one year. The first, the Pyramida Plateau tourist complex, was shelved; the second, the Ameriya textile project, has just been given the green light by the People's Assembly. This approval, however, has failed to satisfy some persistent questioning as to the accuracy of figures relating to the project given by various government bodies. The figures provided by ministers are in fact so contradictory that President Sadat himself has complained.

The Parliamentary Budget and Planning Committee complained last year that the Ameriya textile project was not included in the 1978-82 development plan, even though work on it was already under way. The Ministry of Industry and the Chamber of Spinning and Weaving both described the project as a catastrophe which threatened to upset social peace.

The Investment Authority, for its part, had to admit that

the approval of the Industrialisation Authority had not been obtained because "time was short". The Ministry of Planning said the project was vital and Bank Miar, which launched the spinning and weaving industry 50 years ago, said it was sound. All these parties used a World Bank study to support their differing views and yet each submitted its own figures, which should - in theory - have been the same.

The only thing that nobody can dispute is the simple project outline. This shows that the aim of the three-phase scheme is to produce 115,000 tons of yarn, 400mn metres of textiles, 100mn metres of blankets and other products, 53,000 tons of polyester and 14mn items of ready-made clothing. Half this production would be destined for the home market and the rest for export. The factory itself will occupy an area of 2,600 acres 22km from Alexandria and will require a work force of 37,000-38,000.

The cost of the project, at 1976 prices and at the old

official rate for the Egyptian pound (\$ = £E0.39), stands at £E530mn, with Bank Miar providing loans of \$800mn in foreign currency and \$300mn in Egyptian pounds. (The pound was finally devalued in January and the dollar is now worth £E0.70).

The company running the venture will be 80% owned by Bank Miar and will repay the loans and interest in equal annual instalments in the same currency from the start of the fifth year of the project to the end of the tenth year.

This information is not open to dispute. Where the controversy arises is on the question of the project's profitability and its effect on the national economy as a whole.

The project was first submitted to the Investment Authority in March 1977 and was approved as one of 100 or more projects three days later, despite opposition from the Industrialisation Authority. Both the authority and the Ministry of Industry kept up a barrage of complaints, leading the Higher

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Investment Council under former Premier Mamdouh Salem to suspend it in August 1978. This opposition was based on fears that the local market would be flooded with unnecessary products while public sector companies were deprived of access to foreign markets. At the same time it was pointed out that the World Bank was showing reluctance to finance the rehabilitation of polyester units in the Kafr al-Dawar factory to produce some 26,000 tons.

In the face of these complaints, President Sadat stepped in to order a parliamentary investigation and Parliament finally authorised the project in February this year. But the controversy rages on.

The basic argument of the Industry Ministry is that existing factories, or those already included in the 1978/82 plan, can meet the country's needs. Projected local yarn requirements for 1982 are 323,000 tons, representing an increase of 116,000 tons over yarn output for 1977. Exports under the plan are expected to increase from 30,000 to 50,000 tons. With the Kafr al-Dawar unit in operation polyester production should reach 50,000 tons in 1985, which also is adequate for the country's needs.

Textile production in 1977 amounted to 1,075mn metres, with 20mn metres imported to meet home demand, and the average annual increase in local consumption is estimated at 5.6%. The average annual growth in exports is projected at 2%, which means that local consumption and exports together should total 1.4bn metres. This, it is argued, is already provided for by projects already in the plan. Output from the first stage

of the Ameriya project would amount to 200mn metres by 1982 and would simply represent surplus capacity.

An additional problem is that of pollution. Ibrahim Sharkes who led the opposition to the project, has said the Ameriya area is exposed to pollution from oil activities. And, he warns, unfair competition for limited market outlets could threaten the jobs of 450,000 textile workers. In Sharkes' view the project would be likely to burden the Treasury with an annual deficit of \$E26mn rather than a profit, implying that it should certainly not benefit from the \$50mn worth of US loans allocated for it by the Ministry of Economy.

The Chamber of Spinning and Weaving points out that the cost of the project is equivalent to one seventh of the entire investment allocation for the 1978/82 plan, at a time when 25% of textile production is stockpiled waiting for buyers and when the European Economic Community is imposing import quotas for Egyptian textile goods. Egypt's exports have dropped in the period from 1972 to 1977 by a staggering 36% for raw cotton, 30% for yarn and 16% for textiles, according to one member of parliament.

However, the figures presented by the Ministry of Industry and the Industrialisation Authority are fiercely challenged by the Planning Ministry.

According to the Planning Ministry the increase in yarn production allowed for so far is only 71,600 tons and not 116,000. The ministry also believes that the country's textile needs will reach 1,689.8mn metres representing an increase of 614.8mn metres

over 1977 output and not 325mn metres as forecast by the Ministry of Industry. "The 200mn metres of textiles to be produced by the first phase of the Ameriya project are vital to cover local shortages and the other 200mn metres to be produced from 1982 are necessary to boost exports," the Planning Ministry says.

The Ministry of Industry and other critics of the project warn that it will consume quantities of Egyptian cotton destined for export, thus depriving the country of hard currency. Bank Misr has countered this by proposing the use of imported short-staple American cotton instead of the fine long-staple variety produced in Egypt.

The project's supporters claim that if American cotton is used to produce 58% of the yarn, the net revenue from raw cotton exports will amount to £E233mn by 1982. But, they say, if the present inefficient performance of the spinning and weaving industry is allowed to continue, the industry will eventually have to be subsidised to the tune of £E450mn and foreign markets will be lost altogether.

The Parliamentary Committee entrusted with investigating the circumstances surrounding the Ameriya project made it clear that it would steer clear of studying questions of economic soundness or profitability. This, the committee said, would be tantamount to preparing a new feasibility study.

Instead it confined its role to investigating the role and behaviour of Bank Misr in launching the project and arranging loans. Having studied the procedures, the committee noted that the Investment

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Authority had omitted to seek the opinion of the Industrialisation Authority and stated that co-ordination between the two authorities would be advisable in future. It also suggested that the Investment Authority should be equipped to evaluate the national ramifications of investment projects.

In reply to criticism of contracts Bank Misr had entered into with foreign companies for the supply of equipment, the committee's report said these contracts were based on the best offers available. But it did take issue with the bank for giving commission to an Egyptian firm which acted as agent for the foreign bidders, pointing out

that one of the owners of this Egyptian firm was also a managing director of the Ameriya project.

The report also urged a revision of wages in the public-sector textile industry, to enable it to withstand private-sector competition.

As for the discrepancies in figures, the Parliamentary Committee had to confess itself at a loss as to which set of figures was correct. It gave its approval to the Ameriya project on the grounds that any failure to implement one or other of the planned textile projects would aggravate the balance-of-payments deficit. But the question marks hanging over Egypt's requirements remain.

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IRAN

# OPPOSITION TO KHOMEYNI PROLIFERATES

London THE MIDDLE EAST in English Apr 79 pp 10, 11

[Article by Terry Povey]

[Text]

As the unrest in Iran continues, it is becoming increasingly unlikely that the referendum, which is bound to support the establishment of an Islamic Republic, will solve anything. The total breakdown of centralised government has given religious and political activists and the national minorities the opportunity to take matters into their own hands in the areas in which they are strongest.

The growing split between Khomeini and Prime Minister Bazargan, differences within the religious camp and the breakdown of the leftist-religious alliance have added to the confusion, although they could have been predicted from the beginning. But as time goes on, all these interest groups are becoming better organised and positions are becoming polarised.

A new element in the non-religious camp is the formation of a liberal democratic opposition. At a massive rally to commemorate the death of Dr Mohammed Mossadeq (the nationalist Prime Minister from 1951-53), one of his grandsons, Hedayatollah Matin-Daftari, announced the formation of the National Democratic Front, saying that the Jebhe-Melli (National Front) had "exhausted its role" and that its present leaders were "undemocratic".

Sharing the platform with Matin-Daftari were Ayatollah Taleghani, Masud Rajabi, (leader of the Mojahadin-e-Khalgh, the Islamic guerrillas) and a member of the political committee of the Fedayeen Marxist guerrilla group. And although the speakers paid tribute to Khomeini, they took the opportunity to hint broadly at their dissatisfaction with some developments.

No doubt Khomeini and those close to him were hoping that the referendum would help to sustain the unity of the religious camp. For it would be difficult for dissident religious leaders to oppose them on such an issue without crossing over completely into the "secular" camp - something they are desperately keen to avoid.

For Bazargan, settling the "Islamic Republic" question might allow him to get on with the business of governing. He has made clear his profound unhappiness with a situation in which his Government has no authority beyond its office walls. He complained that, "Since the Imam has gone to Qom some people there have been giving false reports of the Government's actions, style of life, etc. . . and these have provoked our leader to issue decrees without consulting with us."

He cited the examples of the ban on frozen meat imports, the free water and electricity for the poor and the free bus travel decrees as ill-advised actions which had bankrupted some companies and led to shortages.

On only one issue has Khomeini made any concessions to his Premier. He ordered the suspension of executions by the secret Islamic courts, which were causing widespread consternation.

One of the Government's most pressing problems is what to do about the armed forces. Some senior officers who have been forcibly retired have let it be known that they see the execution of some of their colleagues as the breaking of promises made before the fall of Bakhtiar. Many officers feel that until their future is guaranteed they should not try to rebuild the shattered

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Iranian armed forces.

The campaign to get the troops back to barracks has been going on in almost daily broadcasts, and one of the last deadlines for return was extended to include those "serving with the revolutionary committees".

Inside the barracks, life is still not back to normal. Many now have "revolutionary committees" of their own. In the Sanandaj base of the 28th Division, for instance, a committee of junior, non-commissioned officers and conscripts organised the occupation of a mosque to press their claims for political rights.

A threatened rebellion by cadets and others has resulted in the replacement of the Head of the Airforce by General Afsar Imanian. The Airforce cadets and technicians (the homafars) are very much under the influence of the Marxist Fedayeen guerrillas and hold regular mass meetings to determine the correctness of Government policy.

Khomeini's decrees on women's dress and a press campaign against the "Shah's dolls" who "go to work naked" provoked demonstrations in Tehran, with tens of thousands of women shouting "freedom and equality are our right", and "We fight against the Islamic hijab (head covering)." Clearly shaken by the determination of the

women and attacks on them by thugs, Khomeini reverted to vague talk of decency.

Yet widespread opposition to the traditional Islamic female role has resulted in a campaign under the slogan, "Final victory is the freedom of women." Ayatollah Taleghani's daughter, a prominent member of the Fedayeen, and many other known anti-Shah activists played a leading role in the protests, and the movement cannot easily be dismissed as "counter revolutionary".

The minorities, who together make up about half of Iran's 35 million population, have also been restless. The situation is worst in the Kurdish region of the mid-West where armed groups are increasingly active. In Mahabad, the "capital" of Kurdistan, armed rallies have taken place, often resulting in the disarming of army and police units and occupation of some of their bases.

With the economy still in tatters and with a duality of power, or powerlessness, at all levels the appearance of unity which could result from a successful referendum might not be enough to carry the state through the next few months. Khomeini, although still the unchallenged leader, is being increasingly criticised for going too far, not going far enough, or for going in the wrong direction.

"The Imam cannot afford to sit on the fence with regard to the actions of his own proteges and still keep their loyalty. He cannot continue to rule by farman (decree) and build any credible national institutions," one Iranian journalist commented in a recent report.

Khomeini may try to bolster his failing government by dissolving the committees, which are seen as obstacles to its authority. He hinted at this in a recent speech: "As soon as Government control has been established the Islamic revolutionary committees should hand over control." Yet so far only in Fars Province has it been confirmed that "all committees in Government offices, factories, cities and villages are to be dissolved" by edict of the new Governor General.

With a successful referendum behind him the Ayatollah may feel that shutting down the committees is the obvious next step. But it could also prove to be just another battleground on which the powers-that-be will have to confront the powers-that-would-like-to-be.

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LIBYA

BRIEFS

ASSAULT HELICOPTERS RECEIVED--Libya has just received its first Mi-24 Soviet-made assault helicopters. It is the first country not a member of the Warsaw Pact to receive this type of ultramodern materiel used for antitank warfare; up to now, Libya has been using French-made Gazelle helicopters. It is also the only non-Warsaw Pact country to be equipped with MiG-25s and Tupolev 22 heavy bombers. [Text] [Paris VALEURS ACTUELLES in French 23 Apr 79 p 31]

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MAURITANIA

BIOGRAPHICAL DATA ON NEW STRONG MAN, AHMED OULD BOUCEIF

Paris JEUNE AFRIQUE in French 18 Apr 79 pp 17-18

[Article by Abdelaziz Dahmani: "The Man With the Sword"]

[Text] On 8 April 1979, Lt Col Ahmed Ould Bouceif, Mauritania's new strong man, became Prime Minister and deputy chairman of the CMSN [National Committee of National Welfare]. He is represented today as being "pro-Western," "moderate," and "pro-Moroccan." There is some truth in all this. But Ould Bouceif is especially a Mauritanian nationalist with everything that this implies in terms of a mixture of reserve, kindness, and intransigence. He is a man of the land, of the deep country, with a sharp face like his name: Bouceif means the man with the sword.

Born in 1934 at Kiffa, 600 km east of Nouakchott in a family of 6 children, all of them boys, Bouceif is today the father of three girls and two boys. While he was a student he had as teacher a man named Mahtar M'Bow, who has since become director general of UNESCO [United Nations Educational, Scientific, and Cultural Organization]. That was at the time when the town of Saint Louis was the capital of the [French] colonial entity of Senegal-Mauritania. The cultural and human influence of Mahtar M'Bow was to direct Bouceif into the field of education, to that role which is both ungrateful and exalting of a country elementary schoolteacher almost isolated from the rest of the world in the extensive Mauritanian desert.

After Mauritania's independence in November 1960, the-then President Mokhtar Ould Daddah made several trips to the country's interior to find prospective cadres. It is among this youth impregnated with traditional culture that in 1961 President Ould Daddah noticed among others Ahmed Bouceif, then 27 years old. Ould Daddah decided to make him an officer. Bouceif was sent to the tank school of Saumur in France, then to the infantry school of Saint Maixent, also in France.

On his return to Mauritania, Ahmed Ould Bouceif held several military and administrative posts, notably in the northern region, that region which, some 12 years later, was to become a hot point in the Saharan conflict. Bouceif was made prefect of Bir Moghreïn, then governor and military chief of the Zouerate region.

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On this score he discreetly presided, in 1973 in Zouerate, at the official establishment of the Polisario Front. In 1974 Bouceif rejected an ultimatum by Spain which demanded that some Saharans who had operated in Western Sahara (at that time "Spanish") should be returned from Mauritanian territory. In the context of such support of the Polisario Front, Bouceif became very familiar with and gave long asylum to Moustapha al-Ouali, at that time secretary general of the Polisario Front, who was killed during the attack on Nouakchott in June 1976. It is the troops of Col Vyah Ould Mayouf and of Major Bouceif who prevented Nouakchott from being captured at that time.

Mauritania had been involved then for 7 months in a war situation with a very small army of 3,000 men to control a territory of more than 1 million square kilometers. It was also the most heroic period of that army. During one of the numerous engagements with its former "brothers," the Mauritanian army lost one of its best officers in 1976, Captain Sidati, killed at Ain Ben Tili (in the north). Bouceif took that death as a personal drama, all the more as it was another Mauritanian, Ahmed Baba Miske, who had announced it on the side of the Polisario Front.

After the battle of Nouakchott Bouceif was appointed chief of staff and promoted to the rank of lieutenant colonel. But the Polisario Front continued to attack Mauritania with more and more sophisticated means and larger and larger forces. In order to check it, Bouceif was assigned in 1977 to head the Nema military region, bordering on Mali, when the Polisario Front used new routes to attack the garrisons of small towns. Bouceif managed to check this new war theater with a few tough but secret battles inside Mali, which closed its eyes so as not to become involved in turn in the conflict.

A few days before the coup d'etat against Mokhtar Ould Daddah, Bouceif was approached. He turned his interlocutors down on the spot but reassured his coup-inclined visitors that his honor as an officer precluded him from giving them away. This chivalrous attitude, even though Bouceif did not participate in the coup d'etat, was rewarded when Bouceif joined the CMRN after 10 July 1978. He was even relieved of all military responsibilities and made Minister of Fishing, he who hardly likes fish. These past few months Bouceif watched, impotently, the deterioration of Mauritania when other officers contacted him to topple the team of Ould Saleck.

Bouceif answered that coups d'etat did not inspire him, that what the country needed especially was more far-reaching action and an awakening of the national consciousness to save it from fragmentation. But this did not prevent Bouceif from stating after 6 April that the establishment of the CMRN "had indeed assumed the aspect of a coup d'etat." As for the Saharan conflict Bouceif said: "Naturally, I am for peace, but peace with honor and not at any price."

Those were the last words of Mokhtar Ould Daddah a few days before his fall. What remains to be known is whether today the dynamics of peace....

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MAURITANIA

ECONOMY FRAIL, CONSTANTLY THREATENED BY EXTERNAL CRISIS

Paris JEUNE AFRIQUE in French 18 Apr 79 p 18

[Article by Francisco Vergara: "A Frail Economy"]

[Text] The seriousness of the economic situation was one of the elements advanced by the military to justify the coup d'etat of July 1978. The new leaders blamed the war effort and the excessive nationalization of the economy. Ten months later the economic problems are still there. One may wonder whether the crisis is not the result of more profound causes; whether it is not first of all the consequence of older priorities, beginning with the establishment of an economy based on the export of two raw materials of which Mauritania could influence neither the price nor the volume sold.

The experts of the French cooperation program and the World Bank, who had outlined at the time of independence the major parameters of the Mauritanian economy, had based themselves on two premises: That the iron and copper mines would stimulate local agriculture and industry, and that the world market would always be able to absorb Mauritanian iron.

These hypotheses were optimistic to say the least. Agriculture has declined considerably since then. Iron exports have tumbled, which can be attributed neither to the nationalization of the mines in 1974 (that is when the government acquired majority shares in a large sector of the economy) nor to the war but essentially to the world recession. During the second half of 1978, when the attacks of the Polisario Front came to an end, exports were in no way greater than in the first half of 1978. In addition, the sale price of ore has declined steadily since 1975. During 1978 alone its effective price on the Paris market dropped by 26 percent. The profit margins of the company as well as its payments to the state are seriously jeopardized while Mauritania must continue to repay the \$90 million promised to the expropriated stockholders.

Mauritania's balance of trade started to see a deficit in 1976 (and reached \$80 million in 1978). The reason for this cannot be attributed exclusively to the drop in Mauritania's exports and the war. The thing is that the

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traditional austerity of the Mokhtar Ould Daddah government had been relaxed beginning in 1972 and imports increased faster than exports. At the same time there was a climb in Mauritania's foreign debt (\$750 million at the end of 1978).

It was all the more necessary to improve the situation as the Guelbs project, whose purpose is to enrich poor ores (to replace the richer Zouerate ores which are however in the process of depletion), called for enormous loans. Mauritania's international partners asked that the SNIM [National Industrial and Mining Company] (which exploited Mauritania's iron and copper) improve its profitability and double its own capital (representing a guarantee for its creditors).

Accordingly, Mokhtar Ould Daddah himself was prompted to shore up the public sector and to initiate denationalization. The copper mines, witnessing a deficit since 1974, were first detached from SNIM. Some 150 workers were dismissed. The government, unable to meet the increase in capital sought for SNIM, called on private stockholders, a measure which put an end to the socialist experiment cherished by Ould Daddah. The subsequent closing of the copper mines involved the dismissal of 600 wage earners.

The successors of Ould Daddah followed this policy, converting SNIM into a mixed [private-public] company.

The austerity which they set into motion, contrariwise, does not seem so drastic. While national fuel oil and gas oil consumption dropped in 1978, the consumption of gasoline rose significantly.

There is nothing different, then, in the bases of a frail economy, constantly threatened by external crisis. In contrast, the spirit in which rehabilitation has been pursued since the coup d'etat is no longer the same. It is no longer a question of respite in the construction of "Moslem socialism" but of the end of this policy, economic laissez-faire reflecting better, according to the new leaders, the "Mauritanian character."

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